

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:

CITY OF CHESTER, PENNSYLVANIA,

Debtor.

Chapter 9

Case No. 22-13032

Judge Ashely M. Chan

**STATEMENT OF THE AD HOC COMMITTEE OF
RETIRED MUNICIPAL EMPLOYEES OF CHESTER, PENNSYLVANIA IN
RESPONSE TO THE CITY OF CHESTER’S MOTION FOR ENTRY OF AN ORDER
(I) APPOINTING A JUDICIAL MEDIATOR, (II) REFERRING CERTAIN MATTERS
TO MANDATORY MEDIATION, AND (III) GRANTING RELATED RELIEF**

The Ad Hoc Committee of Retired Municipal Employees of the City of Chester, Pennsylvania (the “**Ad Hoc Retiree Committee**”) submits this statement (“**Statement**”) in response to the *Motion for Entry of an Order (I) Appointing a Judicial Mediator, (II) Referring Certain Matters to Mandatory Mediation, and (III) Granting Related Relief* (the “**Mediation Motion**”) (Dkt. 16) filed by the City of Chester, Pennsylvania (the “**City**”) and respectfully states:

1. The Ad Hoc Retiree Committee comprises retirees from the ranks of the City’s police officers, firefighters, and non-uniform employees (the “**Retirees**”). (See *Verified Statement of the Ad Hoc Committee of Retired Municipal Employees of the City of Chester, Pennsylvania under Rule 2019 of the Federal Rules of Bankruptcy Procedure*, filed contemporaneously herewith.)

2. On November 10, 2022, the City filed a petition (Dkt. 1) in this Court seeking protection under chapter 9 of the Bankruptcy Code.

3. The Retirees are, by far, the largest creditor constituency in this case. The City’s filings show it owes approximately \$127 million in unfunded pension liabilities (see *List of Creditors Holding 20 Largest Unsecured Claims* at 1-3 (Dkt. 1-2); *Declaration of Vijay Kapoor*

¶ 17 (Dkt. 6) (“**Kapoor Declaration**”)), and over \$232 million for unfunded retiree healthcare benefits. (Kapoor Decl. ¶ 18.)

4. The Office of the United States Trustee has not yet appointed an Official Committee of Retired Employees (an “**Official Retiree Committee**”) under section 1102(a)(1) of the Bankruptcy Code. As such, the Retirees do not presently have adequate representation in this case.

5. On November 10, 2022, the City filed its Mediation Motion, requesting “the appointment of a judicial Mediator to assist the City and its stakeholders in exploring a path to a viable plan of adjustment that balances the competing claims against the City and the limited resources available.” (Mediation Motion ¶ 9.) The Mediation Motion envisions participation by all major creditor constituencies and parties in interest (*id.* ¶ 16), including the Retirees (*id.* ¶ 16(c)).

6. The Ad Hoc Retiree Committee generally supports the relief requested in the Mediation Motion. However, the Retirees’ rights must be protected in this process, and parties have already sought to tilt the terms and tenor of mediation in their favor. *See, e.g., Chester Water Authority’s Response to Mediation Motion* (Dkt. 94) (disputing the City’s rights in, and the Court’s (and the mediator’s) jurisdiction over, the so-called Water Assets); *Elected Officials Response to the Mediation Motion* (Dkt. 95) (contending that any mediated resolution must receive formal approval from elected officials); *Bond Parties’ Limited Objection to Mediation Motion* (Dkt. 99) (demanding separate mediation for bond claims based on the conclusory assertion that the bonds are secured).

7. Accordingly, the Ad Hoc Retiree Committee submits that no mediation should commence, and no determinations should be made in this case that may prejudice the rights and

interests of the Retirees, pending the formation of an Official Retiree Committee and the opportunity for the Retirees to be heard through an appropriate legal representative.

WHEREFORE, the Ad Hoc Retiree Committee respectfully requests that the Court take notice of the foregoing.

Dated: December 14, 2022

/s/ William J. Burnett

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